

New Markets Tax Credit Program

Site-Visit Plan For Allocatees

(August 2006)

This document has been prepared to inform Allocatees of the types of records that the CDFI Fund's Compliance Monitoring and Evaluation (CME) staff may review during its site-visit. Because each Allocation Agreement has been tailored to each Allocatee, the items below may not be all-inclusive or may show records that do not apply to your organization. Each Allocatee should consider the specific terms and conditions of its Allocation Agreement(s), and gather those documents that may substantiate its own performance.

During the site-visit, CME staff will assess the accuracy of the reports that each Allocatee has submitted to the Fund (Institution Level Reports, Transaction Level Reports and Allocation Tracking System entries) and determine if the allocation is being used in accordance with the Allocation Agreement.

Records and Information that may be reviewed and verified include but not limited to:

- ✓ Interim internal financial statements.
- ✓ Operating agreements between Allocatee and subsidiary Allocatees.
- ✓ Operating agreements between Controlling Entity and Allocatee.
- ✓ Operating agreements between Controlling Entity and sub-Allocatees.
- ✓ Investor agreements.
- ✓ Investor due diligence reports.
- ✓ CDE certification changes.
- ✓ Customer loan files (e.g., promissory note, financing statement, disbursement statement).
- ✓ Project details for real estate transactions.
- ✓ Bank statements tracing flow of investor funds and corresponding data in ATS i.e. wire transfers, bank statements, dates, names.
- ✓ Method and process for CIIS entries.
- ✓ IRS Private Letter of Ruling, if applicable.
- ✓ Service area identified and defined (including any CIMS documentation).
- ✓ QLICs to unrelated entities.
- ✓ Loan purchases – reinvestment of proceeds by selling CDE.
- ✓ QEI lookback dates, if applicable.
- ✓ Recapture events.
- ✓ Eligible activities per Allocation Agreement.
- ✓ Leveraged structures and percentages.
- ✓ FCOS information.
- ✓ Loan Purchase information.
- ✓ Organizational Chart (names, titles, telephone numbers).
- ✓ Advisory Board and Governing Board members.
- ✓ Advisory Board and Governing Board Minutes.

CME staff will also verify that your organization has on hand the following documents:

- ✓ Copy of the executed Allocation Agreement and related schedules.
- ✓ Copy of IRS final regulations dated 12/28/2004.
- ✓ QEI email confirmation notices.
- ✓ CIMS maps printed out and filed for each transaction verifying eligibility of tracts.
- ✓ CDE certification documentation.
- ✓ Audited financial statements of the Allocatee and subsidiaries, if applicable.
- ✓ Audited statements of Controlling Entity if applicable.
- ✓ Copy of Fund's latest Q&A document from the Fund's website.
- ✓ Tax Credit Investor letter.

If you have any questions or need further guidance, please contact the CME unit via e-mail at cme@cdfi.treas.gov or telephone at (202) 622-8226.